Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 NEW DE 11046 201527Z

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ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-15 PRS-01 SPC-03 CU-04 AGR-20 AID-20 L-03

EB-11 SPM-01 DRC-01 IO-13 /119 W
---------- 016548
R 201326Z SEP 73
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 6887
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

UNCLAS NEW DELHI 11046

FOR AMBASSADOR MOYNIHAN

E.O. 11652: N/A
TAGS: EFIN, OEXC, IN
SUBJ: AMBASSADOR MOYNIHAN'S INFORMAL PRESS CONFERENCE
AT INDIAN EMBASSY/WASHINGTON - PL-480 SETTLEMENT AS-
PECTS

REF: NEW DELHI 11004

1. MOST DELHI NEWSPAPERS IN SEPTEMBER 20 EDITIONS CARRIED ADDITIONAL COVERAGE FROM WASHINGTON ON AMBASSADOR MOYNIHAN'S INFORMAL PRESS CONFERENCE AT INDIAN EMBASSY. INDIAN PRESS DEVOTED MAJOR ATTENTION TO PL-480 DISCUSSIONS, STRESSING THAT TENTATIVE AGREEMENT ON A RESOLUTION OF THE PROBLEM HAS BEEN REACHED.

2. FOLLOWING POINTS MADE IN MOST ARTICLES:

A. AMOUNT AT ISSUE IS DOLLARS 3 BILLION.
B. UNDER PROPOSED SETTLEMENT TERMS U.S. WOULD RETAIN DOLLAR 1 BILLION AND GRANT DOLLARS 2 BILLION TO GOI.
C. THE DOLLAR 1 BILLION RETAINED BY U.S. INCLUDES DOLS. 100 MILLION TO BE PAID IN DOLLARS OVER A TEN YEAR PERIOD.
UNCLASSIFIED

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PAGE 02 NEW DE 11046 201527Z

D. THE U.S. WOULD USE A PORTION OF ITS RETAINED HOLDINGS

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

TO FINANCE ITS AID PROGRAM IN NEPAL AND OTHER SMALL COUNTRIES IN SOUTH ASIA.
E. THE AMOUNT GRANTED TO INDIA WOULD BE USED FOR ECONOMIC DEVELOPMENT PROJECTS INCLUDING AGRICULTURE, HEALTH, HOUSING, RURAL ELECTRIFICATION, AND FAMILY PLANNING.
F. THE AGREEMENT COULD BE INITIATED AFTER ONE OR TWO MORE MEETINGS BETWEEN THE U.S. AND THE GOI.
G. AGREEMENT MUST BE SUBMITTED TO CONGRESS BEFORE IT CAN TAKE EFFECT. BARRING CONGRESSIONAL PROBLEMS, FEBRUARY 1974 IS EXPECTED EFFECTIVE DATE OF AGREEMENT.
H. RUPEE AGREEMENT IS A POLITICAL SETTLEMENT.
I. NEITHER SIDE HAS BEEN "RECKLESSLY GENEROUS" IN ORDER TO REACH AGREEMENT.

3. STATESMAN - (WARREN UNNA) CARRIED LONGEST COVERAGE. IN ADDITION TO ABOVE POINTS, UNNA ALSO:

A. MENTIONED A FIGURE OF DOLLARS 8 MILLION FOR AID TO NEPAL FOR EACH OF THE NEXT THREE YEARS.
B. SAID AMOUNT RETAINED BY US WILL FINANCE US EMBASSY EXPENDITURES IN INDIA FOR NEXT 15-16 YEARS.
C. MENTIONED A RATIONALE FOR RETAINING DOLLAR 1 BILLION, I.E., THAT THE U.S. COULD NOT RETAIN LESS WITHOUT GOING TO CONGRESS FOR SPECIFIC APPROVAL.
D. SAID THAT U.S. WILL EARN NO INTEREST ON RETAINED RUPEE HOLDINGS.
E. SAID A COMPROMISE IS BEING WORKED OUT PROVIDE MAINTENANCE-OF-VALUE FOR A SPECIFIC NUMBER OF YEARS.

4. MOTHERLAND WAS ONLY NEWSPAPER TO CARRY A COMMENT FROM DELHI ON THE WASHINGTON REPORTS. ENTITLED "AN UNFAIR AGREEMENT," ART -ICLE IMPLIED THAT TENTATIVE RUPEE AGREEMENT WAS TOO GENEROUS FROM INDIA'S POINT OF VIEW. IT OBJECTED TO PROVISION FOR CONVERSIONS AND THAT "MUCH" OF THE DOLLAR 2 BILLION WILL BE SPENT ON POPULATION CONTROL IN INDIA.SCHNEIDER

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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Draft Date: 20 SEP 1973
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Disposition Approved on Date:
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Disposition Remarks:
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Executive Order: N/A
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ISecure: 1
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US Department of State
EO Systematic Review
30 JUN 2005

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